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July 15, 2002

Mr. Bruce Gelband
Regional Contracting Officer
USAID Kiev
Department of State
5850 Kiev Place
Washington, DC 20521-5850

RE: Contract No. EEU-I-00-99-00015-00, TO No. 806
UI Project 06901-007, Moldova Local Government Reform Project
Task Order Progress and Cost Report, April to June 2002

Dear Mr. Gelband:

Please find enclosed *Task Order Progress and Cost Report, April to June 2002, Moldova Local Government Reform Project*. This report is required by Sections F.5 and F.6 of our Local Government Assistance Initiative Indefinite Quantity Contract.

Please direct any technical questions to Mr. Duane C. Beard, UI/Moldova, beard@grp.md, 011-3732-234-722. Questions of a contractual nature should be addressed to me at 202-261-5396.

Sincerely,

Maria C. Andrade-Stern

Enclosures

cc: Dr. Tuan Nguyen (USAID/Moldova)
Mr. Mike Keshishian (USAID/W)
Mr. Duane C. Beard (UI/Moldova)
USAID Development Clearinghouse
IAC Deliverables File (06901-007)
IAC Chron File

bcc: Maria C. Andrade-Stern
IAC Chron Notebook
IAC Staff Person

**QUARTERLY TASK ORDER
PROGRESS AND COST
REPORT**

APRIL TO JUNE 2002

**MOLDOVA LOCAL
GOVERNMENT REFORM
PROJECT**

Prepared for



Moldova Local Government Reform Project
United States Agency for International Development
Contract No. EEU-I-00-99-00015-00, Task **Order** No. **806**

Prepared by

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UI Project 06901-007

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ATTACHMENT

Cost Report

QUARTERLY TASK ORDER PROGRESS AND COST REPORT

APRIL TO JUNE 2002

MOLDOVA LOCAL GOVERNMENT REFORM PROJECT

Task Order No.: EEU-I-00-99-00015-00, Task Order No. 806

Date of Issuance: February 1, 2000

Task Order Description

In February 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a five-year local government project in Moldova. The project aims to support the government's reform agenda with training and technical assistance (TA). Specifically, the project is working to increase the amount and control of revenues for local governments, improve municipal services management, develop institutional support for local government and municipal services and improve strategic planning in local governments.

Amount Obligated Under Task Order: \$3,423,004

Total Potential Task Order Amount: \$4,999,793

Dollars Expended To-date: \$2,241.985

Progress During the Second Quarter of 2002

HIGHLIGHTS

- The Local Government Reform Project (LGRP) has earned a positive reputation for its work with local governments, as evidenced by the successful addition of new local government partners and continuing contacts by many other local governments interested in participating. In April, the LGRP Team held an orientation session about the project for mayors and senior officials from 22 cities and towns currently not participating in the project. Based on demonstrated commitment to the project ideals, the LGRP then selected eight of these to become new local government partners for the project. This brings the number of LGRP local government partners to 29. As the project expands, it is also deepening the integration of its three main elements, Fiscal Autonomy, Municipal Services and Democratic Governance.
- In April, the LGRP and the Academy of Public Administration collaborated on a training event to introduce the technique of public hearings as an approach to achieving greater transparency and citizen participation in local government. The LGRP Chief of Party (CoP) delivered a

presentation to the approximately 140 local public servants and several members of Parliament who participated.

- The LGRP has also made significant progress in preparing its training program on public hearings. First, a legal expert performed a review of the enabling legal framework for conducting public hearings. Second, the Democracy and Governance Team developed a training design and a trainer's manual, ***A Local Government Official's Guide to Conducting Public Hearings***, with the help of a CCN training expert. The manual is based on USAID training manuals on public hearings and has appropriate adaptations for the Moldovan context.
- The LGRP also delivered a training presentation for 30 citizens and local governments officials on 'The Role of Public Hearings in Civil Society' in cooperation with the Community Connections Program.
- The LGRP conducted the initial quarterly meeting of the Financial Applications Users' Group for representatives of finance departments from 13 LGRP local government partners at the Academy of Public Administration. LGRP staffers conducted training in Internet applications in local government finance and provided an introduction to public hearings for local governments.
- Local government finance officials from the eight new local government partners successfully completed the LGRP Basic Fiscal Autonomy Training module, which provides an introduction to microcomputers and covers budgeting, treasury management and tax administration.
- Field assessments addressing the financial, technical and management aspects of the water utility operation for potential "Demo Phase II" municipal services demonstration projects were conducted in Cricova, Cimislia, Chadyr-Lunga, Ungheni, Orhei, Ialoveni, Balauresti and Zberoaia.
- The LGRP Team demonstrated to various participants in the Phase II Water Utility Efficiency Demonstration a computer program for utility tariff calculation adapted to Moldova water utility operations.
- The LGRP initiated its new round of community strategic planning with over 500 citizens representing businesses, civil society organizations (CSOs) and local government participating in 8 Stakeholder Roundtables as the first step in the strategic planning process.
- The LGRP performed an environmental scan for each of the eight new local government partner towns. These socio-economic profiles will serve as a basis for developing strategic plans for each of these jurisdictions.



FISCAL AUTONOMY

Graduates of the LGRP basic fiscal autonomy training and technical assistance have formed a Financial Applications Users' Group. The group provides a forum for the Fiscal Autonomy Team to be able to transmit new knowledge and training in an efficient manner, as well as for peer support. At the initial meeting with representatives from 13 local government partners, the LGRP Team provided an introduction to public hearings and spoke about the formation of government finance officers' associations in various countries. LGRP staffers also conducted training in Internet applications in local government finance. To facilitate interaction between meetings, all members received a one-year subscription to Internet access.

The Fiscal Autonomy Advisor revised the LGRP basic budget training manual, incorporating new sections and utilizing training materials from other USAID local government projects in CEE. The new basic budget training manual introduces concepts, such as types of budgets, budget calendar, CEO's budget message, budget hearings and budgets-in-brief, and explains how budget planning can be integrated with the city's strategic planning. In addition, the team developed expenditure, revenue and capital outlay "budget request forms" along with instructions, relevant training exercises and a glossary for the budget training materials.

Financial representatives from the eight new local government partners successfully completed the LGRP's basic fiscal autonomy training. The LGRP has initiated procurement of office automation equipment for the finance departments of these towns so the graduates can best utilize the techniques demonstrated in the training. Procurement and distribution of equipment for finance departments with graduates from previous rounds of training are ongoing.

The Fiscal Autonomy Team continues to provide intensive technical assistance (TA) to the local government partners who have completed initial training. This TA typically involves a review of the town's most pressing financial management issues, compilation and analysis of budgetary data, training in local government finance and computer applications, and the development of city-specific accounting modules such as for treasury payments or the calculation of parents' payments to kindergartens. The Team has also performed an analysis of the structure and magnitude of salary arrears in Edinet Judet, the judet with the highest arrears rate in the country.

The Fiscal Autonomy Team is also exploring the feasibility of adapting a widely used commercial accounting software package to the needs of local governments. The towns of Orhei, Ialoveni and Cimislia have installed this integrated software package on a trial basis and have agreed to provide feedback on how the package suits their needs.

MANAGEMENT OF MUNICIPAL SERVICES

The draft LGRP workplan for 2002 through 2004 envisioned the participation of two towns in the Phase II Demonstration project. However, because of an overwhelming interest from towns considered for the project and improvement in project execution, the USAID CTO has recommended directing more of LGRP resources to municipal service projects. The LGRP CoP and the municipal services team now envision assistance to at least six towns on water utility issues and to one or more town(s) on heat supply issues.

Water—The objective of the Phase II Demonstration project is to assist the local water utility to substantially improve its operational efficiency by assessing and improving technical side of the system, by improving the accounting and financial data processing and reporting, and by setting up an efficient management structure. The utility will achieve tangible results in improving the service reliability, reduction of operating costs, improving revenues and increasing payment collection. The process, gained experiences and results of the Phase II Demonstration project will be documented step-by-step and all gained knowledge and experience will be incorporated in the preparation of the Water Utility Efficiency Manual. The Manual will be utilized for “roll-out” training in utility operations for succeeding cohorts of towns and villages.

The Municipal Services team conducted site visits to six towns and two villages considered for the Phase II Demonstration project. In each town, the team discussed the project with the town leadership and the water utility management, performed an in-depth review of the project tasks, collected financial and technical data, and outlined the responsibilities of each party.

Each of the towns considered experience different challenges and thus will provide different lessons for the roll-out phase of the project. For example, because its water system is divided into 3 sections, Cimislia needs to manage three different concessionaires. The project in Cricova would help demonstrate the “life-cycle costs” approach to project financial operations and investments. As Chadry-Lunga is currently rehabilitating its water supply system with a \$7.5 million credit, the LGRP would focus on tariff setting and management of a utility with a significant debt-service burden. In Ungheni, the economic efficiency of the water system would be improved by the use of 3-tariff electricity meters that would lower the system’s pumping costs. Another necessary improvement is the computerization of the accounting and collection department. For Orhei, a member of the Water Utility Association, the LGRP would focus its assistance on the financial management of the utility. In the villages of Balauresti or Zberoaia, the LGRP would develop a pilot water utility management and accounting model for other villages. These villages have received assistance from the Swiss Agency for Development and Cooperation for rehabilitation of their water supply systems. As the Swiss assistance did not include any training in accounting, billing or operations, technical assistance provided by the LGRP would leverage the Swiss assistance and help the villages introduce model water utility management.

The Municipal Services Team met with the director and several board members of the Water Utilities Association (WUA) with the aim to involve the WUA in preparing and conducting Water Efficiency Training (WET). The WUA has assisted the LGRP by providing their classification of water utilities and suggested topics for training each group of water utility staff (management, engineers, and accountants). The team is also building constructive relationships with other institutions active in the area of water supply, such as the state design institutes IPROCOT and Aqua project.

To identify CCN trainers for the WET program, members of the Municipal Services team have met with the heads of the WUA, the Association of Accountants, and the Water and Sewer Systems Department from the School of Urbanism and Architecture in the Technical University of Moldova. Several candidates have already been interviewed.

The Municipal Services team reached an agreement with the Hincesti Water Utility Manager on implementation of the Hincesti water-filtering project. The municipality will build a cooling water tower to



aerate the hydrogen sulfide in the water pumped from the well that serves more than 30 percent of the Hincesti population. By eliminating approximately 70 to 80 percent of the hydrogen sulfide, it is seen as a significant step in improving the potable water supply for a large segment of the population.

Heating—In addition to the work with several water utilities under Phase II Demo, the LGRP will conduct a demonstration project in lowering the cost of heat and electricity in municipal buildings. The town management of Ialoveni is very interested in improving energy efficiency. The LGRP will work with the town in selecting an appropriate building, assist with the building energy audit and assessment of energy saving measure. It is anticipated the project will be done in cooperation with USAID Municipal Energy Efficiency (MUNEE) project.

DEMOCRATIC GOVERNANCE

The Chief of Party and the Democracy and Governance Team Leader participated in a two-day conference, “Priorities and Approaches of Decentralization in Moldova” organized by the Institute of Development and Social Initiatives (IDIS) ‘Yiitorul’. The conference was structured into three sections: (i) political-juridical principles and aspects of administrative-territorial structure and local autonomy in Moldova; (ii) approaches of socio-economic development at the regional and local level in Moldova; (iii) local democracy in the context of reshuffling local public administration. Well-known and recognized practitioners and academics in decentralization and local public administration made presentations. During the conference findings of a recent opinion poll in different localities were presented. The findings show that most of respondents (around 80 percent) plead for democratic values in public administration, including citizen consultation, local autonomy and public accountability.

Public Hearings—In April, the LGRP CoP gave a presentation at a training event designed to introduce the technique of public hearings as an approach to achieving greater transparency and citizen participation in local government. The LGRP and the Academy of Public Administration collaborated on the event, which was attended by approximately 140 local public servants and several members of Parliament.

Ms. Lilia Tverdun, a CCN expert in training (Graduate Degree in Corporate Training/Business Education from New York University), adapted a USAID “off-the-shelf” manual and training program on Conducting Public Hearings to the Moldovan context. A training design on “Local Government Official’s Guide to Conducting Public Hearings” for mayors and local councilors was also prepared. The initial delivery of this training module will involve a series of 4, 1-day workshop/training sessions scheduled for July 2002. The Democracy and Governance team anticipates that the mayors of all 8 new LGRP partner cities along with approximately 80 elected councilors will receive training during this 4-day period. Additionally, members of the LGRP team of CCN trainers will also receive training during these events. Provisions of these training programs are part of the preparation for the several rounds of public hearings scheduled to be conducted across Moldova in the late summer and fall. To the best of the knowledge of the Democracy and Governance Team, these will be the first ever formal public hearings to be conducted by local governments in Moldova.

A CCN legal practitioner with knowledge of transparency i.e., “sunshine” laws and policies conducted a review of the legal context in Moldova that enables promotion of public consultations, open meetings and public hearings. This material was used as a “legal compass” in developing the Manual

(Training Guide) on conducting public hearings. Although the Constitution, Law on Local public Administration and Electoral Code envisage public hearings as a form of citizen participation, the public hearing procedure is not governed by any legal provisions. Thus, much depends on public initiative and the professionalism of the local government officials (mayors, councilors, and specialists). This legal opinion affords both a basis in the law of Moldova for public hearings (and “citizen consultations”) while still leaving open a great deal of discretion for creativity by local officials.

The Team Leader of the Democracy and Governance component made a presentation introducing the topic of public hearings to the participants of the quarterly meeting of the Financial Applications Users Group. The dual objectives of the presentation were to provide a conceptual background on public hearings and to discern the attitude of local officials towards conducting public hearings in their localities. The audience (17 local public finance officers) was interested in the mechanics of public hearings: namely, what are the strengths and weaknesses of public hearings as a citizen participation technique, which factors affect the success of public hearings, what are the steps in preparing a successful public hearing, and how to make a good presentation at the hearings.

Strategic Planning—The Democracy and Governance team revised and updated the design of the strategic planning process to include elements related to budget policy, municipal services planning and capital improvements programming. Future strategic plans will be integrated with budgeting cycles and municipal service improvements, with the strategic plans used as one of the primary inputs for developing the local budgets.

At the end of May, the CoP and the Democracy and Governance Team took part in roundtables on strategic planning with the 8 new LGRP local partners. Each roundtable included representatives of the main stakeholders of the locality, such as citizens, public servants from mayor’s offices, local councilors, business people, managers of municipal enterprises, directors of schools, kindergartens, physicians, and leaders of local NGOs. Almost 500 citizens participated in the eight roundtables, with the average attendance around fifty citizens. Typical questions raised by the participants were related to the poor quality of municipal services, particularly water, heat, sewage, the role of local authorities in economic development and social protection and transparency, accountability and collaboration between citizens and local governments. Some cities posted announcements in local newspapers about the roundtable; other roundtables were covered by the local TV station.

Project facilitators, with the support of mayors, completed the “environmental scans” for each jurisdiction in the new cohort of LGRP local partners, which includes towns of Leova, Nisporeni, Singera, Singerei, Straseni, Rezina, Floresti and Falesti. The socio-economic profile comprises relevant information needed for designing strategic plans of these jurisdictions, namely general geographical and historical data, population, employment and unemployment, the structure of the economy, financial and budgeting performance, the array of municipal services, social services, and the overall structure of the civil society sector.

4, 1-week strategic planning workshops were held in Nisporeni, Singerei, Leova and Straseni. The Chief of Party and Team Leader of the Democracy and Governance component attended the opening and wrap-up sessions in each community. In the mayors’ opinion these events were well organized and conducted in a very professional manner. Workshop participants included representatives of the main



stakeholders of each locality, such as citizens at large, public servants from mayor's office, local councilors, business people, managers of municipal enterprises, and directors of schools, kindergartens, physicians, and leaders of local NGOs. The average size of working group consisted of 17 people. In all 4 workshops there were 77 participants, of which 32 were women. Participants in workshops identified the strategic vision of their localities, outlined ways of achieving strategic objectives and specified potential financial resources. Though strategic plans cover a large variety of issues which localities face, local economic development was universally considered to be the most critical strategic issue in this planning effort. In this sense most of the new strategic plans are more oriented towards "economic issues" such as job creation, municipal enterprises restructuring, SME development, public works, and entrepreneurship. The draft strategic plans of these jurisdictions were distributed to community main stakeholders for preliminary considerations. These strategic plans will be presented to the general population of each jurisdiction at a series of public hearings to be held in late summer and early autumn. The strategic plans will also be a foundation for budget preparation and subsequent "first ever" local government public budget hearings in Moldova.

The CoP and the Team Leader of Democracy and Governance took part in an official ceremony of launching a portion of natural gas pipeline and a running potable water main in a remote neighborhood of Ialoveni town. Citizens, officials from the Government, and representatives of Judet Authorities were present at the event. These achievements are a direct result of LGRP's community based strategic planning in Ialoveni. This strategic planning process has contributed strongly to a good partnership between citizens and local authorities and has supported the hard work performed by Mayor Moldovanu.

The CoP also participated in a community roundtable in the Village of Suruceni along with the Mayor and the Prime Minister. During this event, that involved approximately 40 citizens, the Mayor outlined LGRP assistance to Suruceni in the design phase of its Municipal Services/Solid Waste Management project. The Mayor sought the Prime Minister's commitment of Government assistance in funding implementation of the municipal service improvement project.

Civil Society Organizations—During this period, the program specialists from the Democracy and Governance Team delivered training to CSOs in three different towns. In Nisporeni, the training focused on project planning and development, and fundraising and was attended by 15 persons, representing 8 local NGOs/CSOs. In Ceadir-Lunga, the training event was attended by 15 persons, representing 6 local CSOs (Youth Association "New Generation", Association of land and other property owners, Association for the rights of children and veterans from Gagauzia, Gipsy Community, "Dialog" Center), 2 businesses ("Mihova Viano" and "Sondaj") and one cultural organization (National Gagauz Theater). Using an interactive training technique, the program specialists presented the basics of writing project proposals including how to avoid the "typical" errors in applying for a grant. In Ialoveni, the Democracy and Governance program specialists delivered training on project development and fundraising and at a training event attended by 15 persons, representing 6 local NGOs. Among the participants were also present a student of the Academy of Public Administration and an individual interested in road construction in his residential area.

Additionally, Democracy and Governance program specialists contacted three partners of LGRP in order to inform them about an opportunity to submit proposals to the UNDP project in Tourism Development.

The Democracy and Governance Team has also begun creating a database of CSOs active in LGRP partner jurisdictions. LGRP partners are requested to fill out the **CSO** inventory questionnaire, providing both the names and profiles of local CSOs. Several localities have already responded.

Distribution of used/obsolete computer equipment (previously transferred to LGRP by other USAID Projects) has continued. By way of review, the equipment was checked, analyzed and assigned for uses as follows: Of the total 30 computers that were originally transferred (20 from Booz, Allen & Hamilton and 10 from CPBR) a number of computers were found to be either so obsolete (incapable of running any reasonably current version of "MS Windows") or outright nonfunctioning, that they could not be adapted to any current office application. Of the total, 11 computers were found to be essentially unusable for even most basic local government application. These essentially no-functional (in a current business sense) computers have been transferred to the mayor's offices in Chadyr Lunga and Tohatin for use in schools that have no computers at all. They will be used for very basic education (mostly using DOS) and will serve to introduce Moldovan students to computers. Of the remaining "functional" computers, transfers to-date include: Ialoveni (3), Cimislia (1), Suruceni (1), Chadyr Lunga (1). The remaining 13 "used but serviceable" computers are scheduled to be distributed as part of implementation of the local government information network (i.e., LOGIN web site).

SPECIAL RESEARCH PROJECT

The LGRP has been requested by the USAID CTO to conduct a research project jointly with the USAID Fiscal Reform Project and the Association of Mayors and Local Communities regarding the correlation between unemployment and local economic development at the community level. This study will comprise a labor force inventory and community development projects and should answer the following questions for individual communities: (i) how many people are unemployed and available to work, (ii) where are they located and what are their capacities, (iii) what can be done at the community level to enable them to successfully re-enter the labor market, (iv) what are the resources that are needed. **This** is intended to be an empirical study with practical use.

The preliminary draft action plan envisages the creation of a Task Force by the USAID CTO, which will ensure the overall coordination and oversight. As the USAID CTO urged, this should be a pragmatic research project aimed at compiling a database in each locality regarding the available labor force and the potential local projects, which could create jobs. In carrying out this task it was stressed that in the first stage LGRP partners and then the 32 towns that are former Raion centers should be covered. It is hoped that each of mayors of the proposed Raion centers will accept the responsibility for coordinating data collection in his/her respective jurisdiction. Also, the workshops on strategic planning that are currently underway are a good opportunity in testing the concept and in collecting preliminary test data.



Significant Findings and Delays

The Local Government Reform Project continues to gather momentum. The selection of eight new “Local Government Partners” was followed by a very productive initial interaction, resulting in commitments for as many as sixteen formal public hearings on budgets and strategic plans. This is a new phenomenon in local government in Moldova. It holds the promise of being “the thin edge of the wedge” in opening a whole new level of transparency in local government in Moldova. Citizen participation in Moldova advanced significantly with 500 or more citizens being involved in a highly participatory strategic planning round table considering the future of their respective communities. Another group of approximately 25 local government finance professionals have commenced Fiscal Autonomy training. Integration of the activities of the three components of LGRP is increasing daily.

As the profile of the LGRP is elevated, more local governments are contacting the project for assistance. Since limited project resources do not allow the LGRP to extend direct assistance to all Moldovan local governments, the LGRP envisages a strategic use of its Fiscal Autonomy office automation and training resources for assistance to most of the country’s towns with populations of more than 10,000. This will focus intensive office automation, training and technical assistance in Fiscal Autonomy, as a first priority, in the cities and towns of the Republic of Moldova. This focus will help assure maximum return on investment for USAID and will maximize program impact.

In addition, the LGRP is working with local institutions to ensure the sustainability of local government reform through continuing training and dissemination of best practices through the Internet, encouragement of professional associations, and other means. For example, if LGRP can influence the direction of the training provided at APA toward state-of-the-art public administration techniques and methods, USAID’s contribution will be more sustainable. As part of its collaboration with APA, the LGRP will be providing internships to four students of the Academy within the Project. The Academy can provide the LGRP with experts in public legislation who may be used as short-term consultants. In addition, the LGRP may explore the expertise of APA in preparing and editing planned publications and printed materials. The APA has excellent training facilities and has already been used by the project as a venue for meetings.

The LGRP is also strengthening collaboration with the two avowedly non-partisan, nationwide mayor’s associations, as these organizations will be a key element of any post LGRP sustainability strategy. One area of collaboration is the design and implementation of a local government web page for Moldova. Topics reviewed thus far include defining the LOGIN partners, information needs, internal control/administration, main products/services target user groups and long-term sustainability strategy. Together with Chief of Party the Democracy and Governance Team participated in a meeting with the Chair of Association of Mayors and Local Communities, Mr. Perebinos, concerning the perspectives of collaborating on web page design and implementation. Interest in co-sponsoring the web page was expressed from the above-mentioned Association. A similar offer has been made to the National League of Associations of Mayors. Although the NLAM has promised to consider the concept, no response has as yet been forthcoming. An additional option considered recently is to also offer to include the Academy of Public Administration as a potential co-founder.

Work Planned for Next Reporting Period

- Fiscal Autonomy:
 - Prepare a basic booklet on Capital Improvement Programming for local government officials.
 - Work together with KPMG Barents in the procurement and delivery of computers to the financial departments of local government partner towns.
 - Contract with a CCN legal expert to draft a sample inter-local revenue sharing agreement between a first level and judet government unit.
 - Work with the Democratic and Governance Team to tie strategic planning to the local budget cycles and to introduce the first formal public budget hearings in Moldova.
- Management of Municipal Services:
 - Sign grant agreement with the city of Hincesti for the water-filtering project.
 - Sign Statements of Cooperation between the LGRP and each community participating in the Phase II Demo Project.
 - Continuing implementation of the water efficiency projects in at least five communities.
 - Study of proposed heating projects in Ungheni and Ialoveni.
 - Identify a CCN municipal services engineer to make more efficient use of project resources and reduce reliance on more costly STA experts.
- Democratic Governance:
 - Strategic planning workshops in Singera, Floresti, Falesti and Rezina. For these and the four new local government partners who have already developed strategic plans, the team will assist the mayor's office and planning committee in preparing the strategic plans for adoption by the local councils.
 - To complete the package of training/TA materials for introducing public hearings, the team will be preparing a sample/model of local regulations regarding public hearings.
 - Four one-day training sessions on public hearings for mayors and local council members from the LGRP's eight new partners.



- Assist the eight new local government partners to prepare, organize and conduct public hearings on their strategic plans.
- Four LGRP partners who prepared strategic plans in PY 2001 will be updating their strategic plans and eventually conducting public hearings on their updated strategic plans (Ialoveni, Cimislia, Chadyr-Lunga and Antonesti). Two other localities (Cricova and Suruceni) also expressed interest updating their strategic plans.
- Public hearings on strategic planning in these six jurisdictions are very tentatively planned to run in mid-September 2002.
- Conduct training events in each Judet area, in collaboration with an indigenous NGO, to improve transparency in local governments in Moldova.

Specific Action Requested

In March, the Chief of Party submitted to the USAID/CTO the draft workplan for the remaining three years of the project, or the “roll-out” phase. Per the workplan, LGRP has expanded both its scope of activities and its number of local government partners. Since the time the draft workplan was submitted, several new opportunities have arisen which will have to compete with the workplan activities for LGRP resources. The LGRP requires continuing guidance from the USAID/CTO on these challenges:

- The LGRP has been asked to support a major municipal heating renovation in the city of Ungheni. This involves a multi-family apartment block containing 11 buildings and approximately 1,400 apartments. The total project cost has been estimated (on a very preliminary basis) by city officials at \$75,000 USD (of which the city can provide \$15,000). This project is not currently budgeted. Exploration of potential option to re-allocate budgetary funds has commenced.
- The draft LGRP workplan for 2002 through 2004 envisioned the participation of two towns in the Phase II Demonstration project. However, because of an overwhelming interest from towns considered for the project and improvement in project execution, the LGRP CoP and the municipal services team now envision assistance to at least six towns on water utility issues and to one or more town(s) on heating issues. This is in partial response to the direction of the USAID CTO to direct more LGRP resources to municipal service projects. This will require reallocating budgetary funds and resources from other activities in the draft workplan.
- The USAID CTO has requested that LGRP head up a cooperative effort with the two Mayor's Associations to jointly conduct a nationwide “Labor and Municipal Projects Inventory”. The objective would be to produce a geographically specific database containing the labor inventory of occupations currently available for work and a listing of proposed municipal development projects that could possibly utilize said labor forces. The inventory would include descriptions of the municipal projects together with a preliminary assessment of the resources needed to bring the project to fruition. The resulting database could be extremely useful to help

focus donor attention on local government development issues and needs. **As** this project was not conceived of at the time the new LGRP workplan was drafted, it will be necessary to reallocate budgetary and staff resources.

It is clear that the draft LGRP workplan will need to be revisited and likely revised.

Key Personnel

Mr. Duane C. Beard, CoP, UI, Moldova Local Government Reform Project, beard@lgrp.net.md, 011-3732-233-000.